



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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NDPERS
Telephone (701) 328-3900
www.nd.gov/ndpers

Events & Mailings

[CIGNA Dental Billing Procedures](#)

Attention: Payroll/Human Resource Administrators of the State of North Dakota and University System

The monthly reconciling procedures for the CIGNA dental insurance plan for Central and Non-Central Payroll agencies are at:
www.nd.gov/ndpers/employers/docs/cigna-billing-procedure.pdf

Please be sure to review and retain a copy of the instructions for your reference until such time as the updates can be made to the on-line Employer Guide.

[2006 Comprehensive Annual Financial Report](#)

NDPERS prepares a [Comprehensive Annual Financial Report](#) as of June 30 of each year. This [report](#) contains detailed financial, investment, actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the [report](#) from the NDPERS website at www.nd.gov/ndpers under Forms and Publications. You may also request a printed copy of the report by sending an email to khumann@nd.gov or by calling the PERS office. If you have any questions on the report, contact Sharon Schiermeister.

[2007 Pre-Retirement Education Program \(PREP\) Schedule](#)

NDPERS has scheduled the following PREP for 2007:

Bismarck in October

Additional information will be sent via email and this newsletter as it becomes available. We will also post information on our website as the scheduled dates get closer.

If you are interested in sponsoring your own **Pre-Retirement Education Program**, you must complete the [Meeting Request and Registration Form SFN 53176](#). You will also find the facilitator's handbook on the website. This handbook provides you with the details involved in sponsoring a PREP.

To secure a date, you must complete the [Meeting Request and Registration Form SFN 53176](#) and send it to NDPERS at PO Box 1657 Bismarck ND 58502-1657 or you may fax it to (701) 328-3920. A minimum 90 day lead-time is required. NDPERS only conducts one employer-sponsored seminar per month.

Important Updates

[Employer Based Wellness Program Update:](#)

The [2006 NDPERS Wellness Forum](#) was held on Tuesday, November 7 for employer wellness coordinators. The [forum](#) has been archived and posted for viewing. If you were unable to attend the [forum](#) or have not yet viewed it, please do so. The slides from the presentations are also available. The [forum](#) provides information about the current wellness year reporting requirements and timelines, the application process and timelines for the new plan year which begins July 1, 2007 and various resources available.

A new form has been created for coordinators to utilize in reporting back to NDPERS about the current wellness year activities. The [Employer Based Wellness Program Year-End Program/Activity Confirmation SFN 58437](#) should be completed to report back to NDPERS regarding your wellness activities upon completion of all activities. The current wellness plan year is from July 1, 2006 to June 30, 2007. [Coordinators should submit this form](#)

for the current year by May 31, 2007.

The [Employer Based Wellness Program Discount Application SFN 58436](#) is available on the website for employers to complete and submit to notify NDPERS of their activities for the new plan year July 1, 2007 to June 30, 2008. Coordinators need to submit this [application](#) to NDPERS for review by January 31, 2007.

NDPERS will notify coordinators in March if their application is approved for the premium discount effective July 1, 2007.

Employers that participate in the NDPERS group health insurance plan who do not have an approved wellness discount application will be billed for the full premium (without the 1% discount) effective July 1, 2007.

Please review the [forum](#), specifically the Administrative Issues segment, to obtain additional information about these processes & timelines. If you have any questions, please contact Rebecca Fricke at (701) 328-3978.

Investment Options Summary Booklet for 2006-2007

NDPERS creates an investment options summary booklet that lists all the providers and products available in the NDPERS Deferred Compensation 457 Plan. The updated Investment Options summary is available on the NDPERS web site at: <http://www.nd.gov/ndpers/forms-and-publications/publications/investment-options.pdf>.

Update on Kits

The kits are in the process of being updated with the 2007 rates. The updated versions are scheduled to be on the NDPERS website by February 1, 2007.

New Year's Resolution – Remove Ineligible Dependents

Here's a New Year's Resolution I bet your employee's haven't thought of. Employees whose children no longer meet the eligibility guidelines as a dependent for coverage on their health, life, dental, or vision insurance plans must be removed. The most common oversight occurs with the life insurance plan. Once the member realizes they are still paying

premiums, they assume NDPERS will refund their overpayment which may or may not be reimbursable. This is also true of the health, dental and vision insurance.

NDPERS does notify a health insurance contract holder when their dependent(s) is reaching age 23 or 26. But in the event the dependent is:

- no longer financially dependent
- loses full-time student status
- gets married
- becomes eligible for health insurance through another employer group

It is the responsibility of the employee to notify the carrier by completing an application requesting to remove the dependent from coverage.

Update Your Contact Information

Please update your contact information for the **dental plan** as follows:

Deb Holcombe
CIGNA Healthcare
PO Box 42018
Phoenix, AZ 85080-2018
Phone: 800-592-9219 ext 27752
Fax: 860-298-1790
Email: debra.holcombe@cigna.com

Please update your contact information for the **vision plan** as follows:

Kathy Graff
Ameritas Life Insurance Group
475 Fallbrook Blvd
Lincoln, NE 68521-9033
Phone: 800-543-7784 Ext. 2207
Email: kgraff@ameritas.com

Benefits & Return to Work

To be eligible for (1.) refund/rollover, (2.) retirement, or (3.) disability benefits, a member must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

Approved leave of absence does not constitute termination of employment.

"Termination of participation" means termination of eligibility to participate in the retirement plan.

1. Refunds/Rollovers

If a member applies for a refund/rollover distribution of his/her member account balance and becomes re-employed with a participating employer before 31 days have passed, no refund/direct rollover will be issued and his/her retirement account will pick up where it left off with his/her previous employment.

If a member is transferring to another job where he/she will be covered by NDPERS or another state sponsored retirement plan, he/she is not eligible to apply for a refund/rollover distribution.

2. Retirement

- a) If a member returns to permanent employment with a NDPERS participating employer, the hours of employment must be restricted if the member wishes to continue receiving his/her pension payment **unless** the member qualifies under item (b) below. The member's employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. A member may work more than 20 hours per week if employed less than 20 weeks per year.

If a member is employed for 20 or more hours a week for 20 or more weeks per year then his/her retirement benefit will be suspended. Upon termination of employment, the member may resume retirement benefit.

- b) If a member is eligible for normal retirement (Rule of 85 or age 65) and accepts a retirement benefit and is reemployed with a NDPERS participating employer other than the employer with which he/she was employed at the time of retirement, the member may elect to permanently waive future participation in the Defined Benefit/Defined Contribution plan and the Retiree Health Insurance Credit program.

Under N.D.C.C. 54-52-01(8), a "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating

political subdivision thereof. Therefore, North Dakota state agencies are considered one employer group and any member retiring with one state agency and becoming reemployed with another state agency **would not be eligible** for this return to work provision.

The following retired members may be eligible for this provision:

Past Employer	New Employer
State	Political Subdivision
Political Subdivision	State
Political Subdivision	Political Subdivision

RULES, POLICIES, AND RESTRICTIONS FOR 2b MAY BE ACCESSED THROUGH YOUR "EMPLOYER GUIDE".

3. Disability

If a member returns to work in a permanent full-time position and is eligible to participate in NDPERS, his/her disability benefits must be suspended. If the member is not able to continue employment for a consecutive period of time resulting in nine (9) months of service credit as a result of the disability and continue to meet the eligibility requirements under the plan, he/she may resume disability.

If a member returns to substantial gainful activity in employment not covered under NDPERS, he/she disability benefit may continue for up to nine (9) consecutive months. If a member is not able to continue employment for at least nine (9) months as a result of the disability and continues to meet the eligibility requirements under the plan, he/she may continue disability status.

Reminder on Mandatory Participation Requirements for NDPERS Defined Benefit Retirement Plan

Occasionally NDPERS receives calls from employers asking for clarification about the Mandatory Participation Requirements for employees in the NDPERS Defined Benefit Retirement Plan. As a reminder, the following are the mandatory participation requirements:

Mandatory Participation Requirements
If you work a minimum of 20 hours per week for 20 weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly

funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS. **(Mandatory Participation Requirements for the Law Enforcement Retirement Plan is a minimum of 32 hours per week for 20 weeks of the year.)**

If you meet the above requirements and are a non-classified state employee, you must elect to participate in either the defined benefit plan or the defined contribution plan.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

Participation Requirements for State Elected and Appointed Officials
State officials elected on or after December 31, 1999, who meet the mandatory participation requirements may enroll or waive participation in the defined benefit plan within the first 6 months of their term. If the state official elects to join NDPERS they must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

State appointed officials initially appointed on or after July 1, 1979 must be participating members of the defined benefit plan. The state appointed official must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

Participation Requirements for Other [Non-State] Elected Officials
Elected officials of participating counties, at their individual option, may enroll or waive participation in the defined benefit plan within the first 6 months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in defined benefit plan within the first 6 months of their term.

Participation Requirements for Other [Non-State] Appointed Officials
Officials of all other participating employers appointed on or after August 1, 1999, who meet the above mandatory participation requirements must be enrolled in the defined benefit

plan effective with the first month of taking office.

Please be sure to periodically review your employee listing to make sure that they still meet these mandatory participation requirements.

Also, if you have newly elected, re-elected or appointed officials at your agency who have started a new term, please make sure you carefully review the above provisions to determine if participation is required or optional and review the requirements with these officials.

Part-time/Temporary Employees & Benefits Available

At this time, we want to provide a reminder about the ability for those who do not meet the mandatory requirements to participate in a few of the same NDPERS benefit plans that are offered to your permanent employees.

Defined Benefit Plan:

If an employee is at least eighteen years old, and is not covered under the mandatory participation requirements, he/she may elect to participate in the NDPERS Defined Benefit Plan within the first 180 days of employment, or within 180 days of changing to part-time or temporary employment. The employee is required to contribute the entire 9.12% of salary to the plan. The law expressly prohibits the employer from paying any portion of an optional participant's contribution. A member may not participate as both a permanent and a part-time/temporary member. Permanent employment takes precedence.

Group Health Insurance:

Part-time/Temporary employees are eligible to participate in the NDPERS Group Health Insurance Plan at their own expense. Enrollment must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual open enrollment; however, pre-existing condition waiting periods may apply.

Group Life Insurance:

A part-time/temporary employee can also elect to participate at their own expense in the NDPERS Group Life Insurance Plan. However, all requests for coverage must be medically underwritten. Application must occur within 31 days of employment as a part-time/temporary

employee. Otherwise, they can apply during the annual enrollment. The effective date of coverage is the first of the month following the date of approval for the coverage requested.

As the employer, please make sure that you review these benefit options with any employee that is newly hired or who has recently changed to part-time/ temporary employment. If you have questions, please contact the NDPERS office.

Reminder on Wages & Salary Reporting to NDPERS

NDPERS is often asked what should be reported as wages & salaries for retirement contribution purposes. As a reminder, wages and salaries means earnings in eligible employment which were reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferrals amounts under an IRC Section 125, 401(k), 403(b), 414(h), or 457 Plan.

Salary does not include fringe benefits such as payments for overtime, unused sick leave, personal leave, vacation leave paid in a lump sum, transportation expenses, severance pay, early retirement incentive pay, medical insurance, worker's compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of a previously employer-provided fringe benefit under an agreement between the member and the participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the NDPERS board.

Bonuses for services performed and profit-sharing are considered reportable salary and retirement contributions must be made on that money. Recruitment and retention bonuses are not eligible for consideration as salary and no contributions associated with those types of bonuses should be submitted.

Bonuses or profit-sharing amounts paid must be prorated equally over the term of the intended bonus or profit-sharing period. When remitting retirement contributions on bonuses and profit-sharing amounts, complete the [Notice of Irregular Salary or No Deposit SFN 53707](#).

If you have questions about what should be reported as salary to NDPERS, please contact Raleigh Moore at (701) 328-3914 or Kristi Hass at (701) 328-3911.

Retirement Contributions Required for Employees Transferring Between Participating Employers

As a reminder, if you have an employee who is transferring into or out of your agency during the month, it is required that you make a contribution for the partial month. Therefore, NDPERS will receive contributions from both employers during the month that the transfer occurs.

Revised Materials

FlexComp Plan

The FlexComp Program Administered by NDPERS – State Employees and Participating District Health Units (Excludes the University System and Political Subdivisions)

FLEXCOMP CHANGE IN STATUS SFN 53511 (12-06)

must be completed by the employee and submitted to NDPERS within 60 days of the change in status event. Upon review of the employee's request, NDPERS will approve or deny the change. Payroll will set up the record upon receipt of a copy of the Change in Status form from NDPERS.

Employees must complete:

Part A - Participant Information. Complete in its entirety. The employee's social security number and employee identification number are required.

Part B - Change in Status Event. Check all that apply and the date change in status event occurred. If an employee goes on a leave of absence, military leave, or a leave covered by the Family and Medical Leave Act (FMLA), their medical spending and dependent care contributions may be made as follows:

- Contributions may be made on a pre-tax basis by having the contribution payroll deducted prior to their leave. Contributions may also be made pre-tax from any taxable compensation, such as annual leave or sick leave during the leave period.

- Under the "catch-up" option, NDPERS will continue coverage during an unpaid leave. Upon return from leave, a participant will catch up with pre-tax payroll deductions.
- An employee may elect not to participate in either the Medical Spending or Dependent Care Reimbursement Account while on leave. If they elect not to participate, they will not be entitled to receive reimbursement for claims incurred beyond the last day of the month a contribution was received. Upon return from leave, they may reinstate the coverage that was in effect prior to their leave, or reinstate the coverage less the contributions that were missed during the leave, or change their election amount if the leave was due to a qualified change in status event.

Part C – Consistency of Change in Status Event. Employees should explain why the request is necessary or appropriate based on the change in status events checked.

Part D – What Are You Changing? As a result and consistent with the change in status event listed in Part B, employees should check the plan they want to change/enroll in. If the employee is enrolled in the plan and wants to revoke their existing election with a new election they need to include the payroll deduction amount to date when calculating the new amount.

Part E – Signature of Applicant. Employees must sign and date the form. Keep a copy for their records and submit the original to NDPERS.

FLEXCOMP PLAN LETTER OF MEDICAL NECESSITY SFN 58432 (12-06)

The Internal Revenue Service (IRS) regulations specify that in order to reimburse drugs and/or services that may have both a medical purpose and a personal or general health purpose, we must require a medical practitioner's note stating the medical diagnosis, the specific treatment needed, and how the treatment will alleviate the medical condition. NDPERS has developed this form to

assist the participant and their medical practitioner in providing the information we need in order to process the claim.

Employees should complete:

Section A – Participant Information. Complete in its entirety. The employee's social security number and employee identification number are required.

Section B – Statement of Medical Necessity. To be completed by the medical practitioner:

Participant should return the original to NDPERS and retain a copy for their records. NDPERS will review the form and approve or deny the request for reimbursement of the drug and/or service. A copy of the form will be returned to the participant to use when submitting claims for reimbursement of the drug and/or service.

FLEXCOMP REIMBURSEMENT VOUCHER SFN16868 (12-06)

In 2005, the Internal Revenue Service issued notice 2005-42 which authorizes employers to allow employees the opportunity to be reimbursed for expenses incurred in the current plan year out of unused contributions from the previous plan year. Referred to as the 2½ Month Rule, it allows claims incurred between January 1 and March 15 (grace period) of the new plan year to be reimbursed out of any account balance remaining from the previous plan year. This allows employees to submit claims for services received between January 1 and March 15, and request reimbursement from any account balance remaining in their medical spending account from the previous plan year.

Employees should complete:

Section A – Participant Information in its entirety. The employee's social security number and employee identification number are required.

Section B – Medical Expenses. Employees must check box if they want expenses incurred in grace period reimbursed from their previous plan year account balance. **If the employee does not indicate on the reimbursement voucher that they want medical care expenses received during the "grace period" reimbursed from any account balance remaining from the previous plan year, their claim will be processed for the plan year in**

which expenses have been incurred. No adjustments will be made to the employee's account to reprocess the claim.

Section C – NDPERS Use Only

Section D – Dependent Care Expenses. For Dependent Care claims, the provider must complete Section D or provide a receipt with the following information:

- Name of Provider/If provider is a relative, list relationship
- Tax Identification Number or Social Security Number
- Actual dates on which care was provided (not billing payment date)
- Amount of dependent care expense

Section E – NDPERS Use Only

Section F – Certification. Employee must sign and date the form or it will be returned to them.

Board Meeting Highlights

Complete [meeting minutes](#) are available.

September 14, 2006

- Reviewed Group Insurance and Medicare Part D renewals.
- Approved preparing legislation for Defined Contributions employees to vest at 100% based on obtaining age 65 to be consistent with Defined Benefit plan.
- Received the 2nd Quarter 2006 Investment Report.
- Approved two new Fidelity Funds for the 401(a) and 457 plans.

October 19, 2006

- Approved the Medicare RX Plan renewal.
- Approved continuing with UNUM Provident Long Term Care Insurance Plan.
- Approved recommended changes to the reimbursement policy for the Wellness Program.
- Approved CIGNA Dental Plan Contract.
- Reviewed upcoming proposed legislation.

November 16, 2006

- Received an update on Group Insurance renewal.
- Approved one year trial period for Meritcare Fasttrack Clinic in Fargo.
- Received information relating to the Expedited Enrollment process for the 457 Deferred Compensation Plan
- Approved eliminating the "pay as you go option" and add the catch-up option to the FlexComp Plan.
- Approved bills for submission to the legislature.
- Approved proposed board meeting dates for 2007.

Look forward to receiving via email your next edition of the PERSONNEL Updates around April 16, 2007.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

